Auditor Controller
2003 Business Plan

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I am proud to share the Auditor-Controller Department's 2003 business plan. It is the product of both practical and strategic thinking by all levels of my staff. I believe it conveys the dedication of our Department in serving our customers.

While providing high standards of service, we continue to keep our staff numbers at minimum levels by working as diligently and efficiently as possible. Staff growth is extremely low in an absolute context and is especially low when the growth of our workload is considered. In this business plan, we further discuss our commitment to meet our responsibilities efficiently and effectively. A major responsibility met during the past year is that of earning an unqualified opinion on the County's financial statements. This was the first year that the statements had to be compliant with the Governmental Accounting Standards Board Statement Number 34, which completely revamped the way government presents its financial statements.

A major strategy that this department employs to meet our responsibilities is that of advancing information technology solutions. As we seek new technological solutions to accomplish our work, we recognize that new resources will have to be invested to achieve productivity gains that the County must realize to serve its citizens with fewer and fewer dollars.   For example, the new version of our Countywide Accounting and Personnel System will provide a greater ability to implement technology efficiencies and obtain data useful in managing the many programs of the County. This upgrade will require a current investment with the assurance that there will be a future payback.

This plan was drafted prior to the disclosure of several control weaknesses that contributed to the funding and operational challenges at the Planning Department. We are currently discussing several options with the Board and the CEO for enhancing the county's control structure. These options have not been fully developed, and accordingly are not included in this plan.

Our business plan demonstrates the department's progress towards its outcome measures and goals. We are successful in accomplishing these in light of our mission and vision statements. The progress shown will be evident in the productivity tools the County will continue to make available to its staff.   We will also continue to provide the highest level of service to all our clients.

Sincerely,

David E. Sundstrom, CPA
Auditor-Controller

AUDITOR-CONTROLLER
2003 BUSINESS PLAN

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I. EXECUTIVE SUMMARY

The Auditor-Controller is the elected County official responsible for providing unbiased and accurate financial information to his clients. The Department's primary customer focus includes internal clients (County departments/agencies and employees), and external clients (individuals, vendors, and other governmental agencies doing business with the County). In addition, the Department provides information to various stakeholders who have a vested interest in the effective functioning of the department (the Board of Supervisors, regulatory agencies, County bondholders, and the general public). These responsibilities require a major investment in personnel and financial/accounting systems, and a significant effort to stay current with technology, new legislation, and governmental accounting pronouncements.

The Department increased productivity and technological advances through the Electronic Report Management and Imaging system (ERMI), which was implemented in 2001. This has gone a long way toward satisfying the high demand of County staff to obtain quick and easy access to reports and data. The uniqueness in this tailor-made software to the Auditor-Controller's clients has become revolutionary in data extraction within this County. As a result, Systems staff have made several presentations on ERMI to various government entities and industry leaders throughout the West Coast. Enhancements to this software are continuing through 2003.

The Department's Financial Reporting staff made significant progress in complying with the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34). They converted the FY 00-01 *Comprehensive Annual Financial Report* (CAFR) to a pro-forma financial report, and are in the process of preparing the FY 01-02 CAFR, which is in the first year of implementation in accordance with the requirements of GASB 34. Early planning for this transition placed this County further ahead than most other California counties in implementing these significant changes in the format and content of governmental financial statements.

As in prior years, the Auditor-Controller and his Chief Assistant met regularly with all of his managers and staff, County executives from every department and agency, the CEO, and members of the Board of Supervisors. During these meetings, they discussed the mission of the Department, its impact on County government, and the value and criticality of services provided by this department to the rest of County government and to the citizens of Orange County. They also shared their vision for improving the County's financial information systems. These visits, combined with information gained from client

Executive Administration

surveys, workshops of concerned employees, and personal observations, were used to assess existing goals and to create new goals for 2003. Additionally, the Department has been successful in many efforts to improve staff well being. It continues to promote employee recognition, improve inter-office communications, support the Performance Incentive Plan, Management Performance Plan and the Labor Management Committee, develop efficient work environments, and support diverse types and methods of training, such as "Enlightened Leadership" and "LEAD," as well as technical training.

From this assessment of service requirements, needed technological advancements and department resources, the Auditor-Controller adjusted the Department's goals to reflect its vision and mission, and the

Auditor-Controller's desire to increase the efficiency, productivity, and utilization of financial systems through the application of technological enhancements.

The Auditor-Controller's vision is to be the County's trusted source of financial information to account for the past, direct the present, and shape the future.

The Auditor-Controller's mission is to promote public oversight, provide accountability, and support financial decision-making for the County.

On the journey to fully achieving this vision, the Auditor-Controller developed strong goals involving the entire County as well as the Department. Annual updates on the strategic priorities will reflect the adjustments required to reach the pivotal goals listed below:

1. To manage the increasing financial risk faced by the County by enforcing our system of accounting controls.
2. To anticipate and satisfy our stakeholders' and clients' needs for financial services and information.
3. To increase Countywide organizational effectiveness by making the appropriate investments in our staff and technology.

Ongoing changes and increases in County programs constantly impact the Auditor-Controller Department. These challenges have made it necessary for the department to implement the following practices: installing new technology, decentralizing certain activities, and taking a business risk-based approach in maintaining control structures. Upon reviewing the new goals for 2003 and beyond, the Auditor-Controller believes continuing adaptability will be crucial in maintaining the new vision statement and achieving the long-term goals. For 2002, the Department accomplished nearly all of the goals established in its Business Plan, including all of the goals related to daily administration of accounting services. Continued progress towards meeting support-oriented goals (such as technological improvements and modernizing policies and procedures) will help to continue improving the level of services provided to clients.

This 2003 Business Plan emphasizes the importance of adding value to the County's services and programs by continuing the development and implementation of advanced technology, which will result in more efficient and faster processing, retrieval, and compilation of financial data for reporting, payment, claiming, and budgetary purposes. Combined with the continuing analysis of policies and procedures to determine the value of controls relative to business risks, this will serve to increase customer satisfaction while maintaining a sound control environment. By using technology to leverage resources, continuing enhancement of the CAPS and ATS systems, implementing new accountability measures for the Department, and maintaining a leadership role in oversight of the County's financial activities, this Department will continue to increase the value of the accounting and financial services it provides to the County.

The Auditor-Controller Department faces many challenges in maintaining its ability to continue providing all necessary accounting services. Changes in legislation, increases in regulatory requirements, continual technological software upgrades, and training and competition for resources present major challenges to this Department as well as to other departments. Large short-term investments in systems and technology improvements will result in larger long-term payoffs in increased productivity and efficiency, enabling this Department and the County as a whole to meet these challenges.

II.   VISION, MISSION AND GOALS

A. Vision and Mission

The Auditor-Controller Department's vision, mission statements, and goals for 2003 emphasize the value that its varied operations bring to its clients and stakeholders. The process of developing these core business statements was a collaborative effort involving all members of its management staff and other staff at varying levels throughout the organization, and these statements reflect the needs of the Department's many clients and stakeholders.

> The Auditor-Controller's **vision** is to be the County's trusted source of financial information to account for the past, direct the present, and shape the future.
>
> The Auditor-Controller's **mission** is to promote public oversight, provide accountability, and support financial decision-making for the County.

As the Auditor-Controller Department carries out its vision and mission, it will conduct business with the highest ethical and due diligence standards and demonstrate commitment to the public, other County departments and agencies, and its own employees.

B. Goals

In order to realize its vision and mission, the Auditor-Controller has developed the following long-term goals:

1. To manage the increasing financial risk faced by the County by enforcing our system of accounting controls.
2. To anticipate and satisfy our stakeholders and clients' needs for financial services and information.
3. To increase organizational effectiveness by making the appropriate investments in our staff and technology.

C. Key Outcome Indicators

The Department has identified several key outcome indicators to evaluate its overall success in relation to its goals.   These indicators have been associated with the strategic priorities discussed in the 2003 Operational Plan presented in Section III.   These key outcome indicators are discussed on the following page.

Key Outcome Indicator #1: To receive an unqualified (highest possible) audit opinion and the Government Finance Officers' Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the County's Comprehensive Annual Financial Report (CAFR).

Outcome Indicator	FY 01-02 Results	FY 02-03 Plan	FY 02-03 Anticipated Results	FY 03-04 Plan	How are we doing?
What: Measures the integrity and accuracy of the County's annual financial statements. Why: Provides assurance to the Federal and State governments, investors, and bond rating agencies that the CAFR fairly presents the financial position of the County.	The County received an unqualified opinion for FY 00-01, and the GFOA Certificate for FY 00-01. The County also expects to receive an unqualified opinion and the GFOA Certificate for FY 01-02, which will be the 1st CAFR issued under the requirements of Government Accounting Standards Board (GASB) Statement No. 34.	The department plans to continue maintaining the books and records of the County in a manner, which shall ensure that the County receives an unqualified opinion and the GFOA certificate on its CAFR.	The department expects to achieve the same high level of success for FY 02-03, by implementing recent GASB pronouncements.	The department plans to continue maintaining the books and records of the County in a manner, which shall ensure that the County receives an unqualified opinion and the GFOA certificate on its CAFR.	The department is currently working on implementing significant new pronouncements from GASB, including GASB 34, in the preparation of the FY 01-02 CAFR, scheduled for completion in December 2002, and has already received an unqualified opinion on John Wayne Airport's GASB 34 compliant financial statements for FY 00-01.

Key Outcome Indicator #2: 99% of all property taxes will be allocated to taxing agencies on time.

Outcome Indicator	FY 01-02 Results	FY 02-03 Plan	FY 02-03 Anticipated Results	FY 03-04 Plan	How are we doing?
What: Measures ability to meet deadlines for computing property tax bills and allocating tax revenues. Why: Provides timely revenue to County taxing agencies that receive funding from tax revenues.	The department met all property tax deadlines, apportioning over $3.4 billion in property taxes, penalties, special taxes/assessments, and interest to over 170 local government funds in 64 separate apportionments.	Property tax apportionment scheduled dates were sent out to all taxing agencies July 5, 2002, and the plan is to meet all of the scheduled dates.	Property tax apportionment dates are all scheduled for FY 02-03, and the department fully expects to meet all property tax deadlines in FY 02-03.	The department also expects to meet this goal through FY 03-04.	Property tax apportionment deadlines continue to be met in spite of frequent tax statute changes and the complexity of the tax allocation process. All deadlines have been met so far this fiscal year (FY 02-03).

Key Outcome Indicator #3: *99% of State and Federal funds will be claimed in time to satisfy cash flow requirements.*

Outcome Indicator	FY 01-02 Results	FY 02-03 Plan	FY 02-03 Anticipated Results	FY 03-04 Plan	How are we doing?
<u>What:</u> Measures compliance with deadlines that assure timely receipt of funds and avoidance of penalties. <u>Why:</u> The amount of revenue associated with these claims is over $1 billion.	The department achieved better than 99% compliance for FY 01-02.	The department will continue to file claims for State and Federal funds on time, thereby avoiding penalties/sanctions and ensuring funding for the many County programs reliant upon these monies.	The department expects to have 99% compliance in FY 02-03.	The department will remain committed to timely submission of more than 1,350 required claims and reports, in order to maximize revenue, avoid penalties, and maintain funding for the many County programs, which rely on State and Federal participation.	State and Federal funds continue to be claimed in a timely manner.

Key Outcome Indicator #4: *Achieve CAPS user satisfaction with Financial and Payroll systems to 90% or higher.*

Outcome Indicator	FY 01-02 Results	FY 02-03 Plan	FY 02-03 Anticipated Results	FY 03-04 Plan	How are we doing?
<u>What:</u> Measures client satisfaction with functionality of Financial and Payroll Systems and related support. <u>Why:</u> To make certain that we are providing appropriate levels of support for the financial and payroll applications.	New Measure	Develop survey instrument and conduct survey.	Obtain baseline results for comparison in subsequent years. Develop action plan to address areas of lower performance.	Implement action plan. Re-issue survey.	N/A – New Measure

Key Outcome Indicator #5*: Reduce hard copy and fiche printing and distribution cost by 20%. This will be accomplished while increasing accessibility to the financial records.*

Outcome Indicator	FY 01-02 Results	FY 02-03 Plan	FY 02-03 Anticipated Results	FY 03-04 Plan	How are we doing?
What: Measures reduction of report preparation and access costs due to new imaging technology. Why: Ready access to report information, coupled with the ability to readily extract report information for use in other processes, can eliminate paper printing and distribution costs as well as automate manual processes.	Countywide rollout of WebERMI has been completed. User training substantially completed. Expand usage of Data Mining.	Discontinue hard copy printing of reports, and measure savings as a result of doing so.	Expect reduction in hardcopy report production of NNN.	Continue to eliminate hardcopy print and distribution. Add other documents to imaging as necessary.	Provided users further assurance of long term availability of reports by adding optical storage, hierarchical storage management and DVD authoring for disaster recovery. This was a prerequisite for complete shutdown of hardcopy/fiche.

III.   OPERATIONAL PLAN

The Auditor-Controller Department has updated its Operational Plan for 2003 to match its vision, mission, and goals set forth in Section II. Upon careful examination of its client populations, its challenges, and the resources that will be required to meet these challenges, the Department determined that a single operational plan is the most appropriate way to measure its success in attaining each of the new goals. This is because the goals are closely inter-related, involve the team efforts of staff working in all sections of the department, and cannot be separated into distinct programs that can be measured independently.

A. Clients

The Auditor-Controller's clients are divided into three major categories: internal clients, external clients, and other stakeholders.

1.   Internal Clients

♦ **Departments/Agencies (the Board of Supervisors, the County Executive Office, and all other departments/agencies that use Auditor-Controller services):** The Auditor-Controller is the chief accounting officer for the County and operates its central accounting systems. As such, County leadership depends on the Auditor-Controller Department to provide accurate revenue projections and budgetary control over Board appropriations. Other

General Ledger

departments and agencies also depend upon the Auditor-Controller to provide basic services such as payroll, vendor payments, cost accounting, and general accounting on time and without interruption. This allows the other departments and agencies to concentrate on their core businesses, thereby ensuring that their clients receive service at the level they require.

In addition to these basic accounting services, the department provides broader and sometimes more specialized services to departments/agencies hosting an outstationed Auditor-Controller accounting team. Examples of these extended services are the performance of accounting functions such as job cost accounting and grant accounting for the host departments/agencies, reporting of special

> *During the prior year, we modified our systems and procedures to accommodate a change in our depository bank, which provided for greater internal control and flexibility to the Treasurer to assist him in his cash management responsibilities.*

information for management decision making, providing consultation on projects, and determining strategies to accomplish business objectives. The outstationed Auditor-Controller teams are located in the Community Services Agency (CSA), the Health Care Agency (HCA), Housing and Community Development (H&CD), the Integrated Waste Management Department (IWMD), John Wayne Airport (JWA), the Planning and Development Services Department (PDSD), the Public Facilities and Resources

JWA Accounting

Department (PFRD), the Social Services Agency (SSA), and the County Executive Office/Public Finance Section.

♦ **County Employees:** County employees rely on the Auditor-Controller for critical services such as payroll and reimbursement programs. The most important product of the department to these clients is payroll services. Without timely, accurate payroll services to compensate its employees, the County could not meet its mission of providing constituents with critical services such as law enforcement, health care, and social services.

> *Agency Accounting staff provided extensive support to host agencies implementing new agency related automated systems.*

♦ **Auditor-Controller Employees:** Although services such as payroll are just as important to the Auditor-Controller's own staff, the department also must ensure that its most important resource, its people, are motivated and equipped with necessary tools to accomplish the mission of the department and work diligently towards attaining its vision. Staff development, through improved training opportunities and a performance recognition program, allow the Department to make progress towards these objectives.

> *Where the technology was available, 82% of employees completed Online Enlightened Leadership training. Technology will be installed this year to enable the remaining employees to complete the training, provided the County*

2. **External Clients -** Non-County Clients who receive Auditor-Controller Services.

♦ **Other Governmental Entities** (**State agencies, Federal agencies, cities/special districts, school districts, and other governmental or quasi-governmental agencies**)**:** These entities require many forms of reporting, including financial statements and various types of reports, to manage

HCA Accounting/ Medical Billing

their businesses and comply with the many laws and regulations under which they work. Additionally, many of these entities are dependent on the Auditor-Controller Department to ensure their revenue streams are in place, such as property tax apportionments, Proposition 172 Public Safety Sales Tax funds, and other types of revenue. For some specific non-County entities, such as a few independent special districts, basic accounting services are also provided.

♦ **Individuals, Vendors, Private Sector Entities, Clients of County Departments/Agencies:** The Auditor-Controller Department makes payments to the County's creditors and vendors, provides information or reports to businesses and individuals, including clients of other departments/agencies, and participates in oversight of public assets for all interested parties through membership in the Audit Oversight Committee, the Treasury Oversight Committee, and the Public Finance Advisory Committee.

3. **Other Stakeholders** - These clients, such as rating agencies, investors, and public oversight groups, overlap with the individuals and private sector entities cited under "External Clients". In addition to the services provided to external clients, the Department provides other stakeholders with services in the area of oversight and financial information such as annual reports, specifically the CAFR.

Cost Accounting

Along with this type of reporting goes the assurance that the overall accounting systems in place are functioning as intended by management.

B. Challenges

The Auditor-Controller Department is constantly challenged by workload increases resulting from growth of County departments, agencies and their programs, which require greater accounting support from this Department. Examples include the ongoing upgrade of the County's accounting/financial/personnel/property tax systems, requests from other departments for interfaces with accounting systems to make themselves more efficient, and legislative and other legal mandates impacting operational areas. Much of this activity will continue irrespective of the State's fiscal crisis. Specific challenges facing the Department in 2003 are detailed below.

PDSD Accounting

1. GASB 34

Since the Governmental Accounting Standards Board (GASB) issued its Statement Number 34, *Basic Financial Statements – and Management's Discussion and*

General Accounting

Analysis – for State and Local Governments (GASB 34), the Auditor-Controller has worked diligently to plan and put a framework into place to accomplish the requirements of this new reporting model for

The County has already implemented GASB 34 for all of its June 30, 2002 financial statements.

the year ending June 30, 2002. The department has completed the financial report for the year ended June 30, 2002, which will be the County's first official financial report prepared under the requirements of GASB 34. The financial report was completed in December 2002.

Much additional work has been required in the implementation of GASB 34 and subsequent GASB statements that have modified or expanded upon GASB 34 requirements. Extra limited-term professional accounting positions were added to the department's Financial Reporting Unit to meet this additional workload, and it became evident that some of these positions are permanently required in order to continue to comply with the complex GASB financial reporting requirements.

One of the many challenges of preparing this GASB 34-compliant financial report is to gather

Financial Reporting & Mandated Costs

information and data required for the *Management's Discussion and Analysis* (MD&A) portion of the new reporting format. Most departments/agencies have not been required to provide such information in the past, and because of their operational priorities, Auditor-Controller staff continue to work closely with them to ensure that submission of this information is given sufficient priority to meet the required issue date for the County's financial statements.

Another GASB 34-related challenge is to maintain and update the capital asset inventory data compiled by the County's asset infrastructure consultant in order to comply with the fixed asset and depreciation reporting requirements of GASB 34, which includes reporting of infrastructure assets not previously required. This is a significant ongoing effort that may require reassignment of existing staff

or additional resources in the Department's General Ledger Unit, where the fixed asset records are maintained and updated.

2. Legislative Mandates/Litigation/Other Mandates

The Auditor-Controller continues to meet the challenges resulting from new legislative and other

> *The Auditor-Controller currently serves as Chairman of the Legislative Committee for the California Association of County Auditors, which monitors and advocates for legislation that effects the office.*

mandates, including court mandates resulting from litigation. Meeting these challenges requires reallocation of resources and reprioritization of other tasks and, in some cases, delays in completing other tasks. We will continue to track ongoing legislation and inform the CEO and Board of significant changes affecting our office. Mandates impacting our 2003 workload include:

♦ Significant changes in the Family Leave Program effective January 1, 2004.

♦ Replacement of SSA's Case Data System with the State's CalWIN System in early 2004 requiring several new interfaces with the CAPS Accounting Systems.

♦ Changes in W-2 and 1099 reporting to the Federal Government.

♦ Changes in salary and wage reporting to the State.

♦ Rollout of annual leave to additional bargaining units.

SSA Accounting
Collections-Office Support

♦ Possible processing of large numbers of property tax refunds, depending upon the ultimate resolution of a current court case involving Assessor property value reassessments in excess of 2% subsequent to reductions in valuation. (This is further discussed in III.B.6)

♦ Implementation of a Federally-mandated Electronic Benefit Transfer (EBT) system in February 2003 to replace Food Stamp coupons. (The County has also elected to issue public assistance cash benefits using EBT technology effective February 2003.)

♦ Compliance with Health Insurance Portability and Accountability Act (HIPAA) regulations.

3. Technology - Meeting Continued Service Demands of CAPS Users

The Systems Division continues to provide ongoing support of the financial and payroll accounting systems. The pace of change continues to increase as new labor agreements and changes to benefits plans are implemented within the system, and as agencies automate interfaces to the County Accounting and Personnel System (CAPS).

> ➢ *445 students were trained in Web-ERMI.*
> ➢ *253 students were trained in Data Mining with Client ERMI.*

Deployment of new applications such as Virtual Timesheets (VTI) and ERMI require additional end-user support. The upgrade of the CAPS system to the DB2 database and eventually to Advantage 3.0/4.0 will stretch resources further.

Given the increasing demand for resources, the most significant challenge in providing ongoing support

to the department's user community will be to successfully plan and prioritize critical projects. The Auditor-Controller Systems staff has made an outstanding effort in this area. However, a number of projects are driven by priorities outside the

Information Technology

department's sphere of control, particularly human resources-related changes. It is critical that all entities involved in changes to the CAPS system be brought into the planning process, and that Auditor-Controller staff is involved at the earliest opportunity to assure successful implementation of changes. The department realizes that the County Executive Office (CEO) faces similar concerns with implementing changes on short notice. Therefore, it is critical that open lines of communication and resources dedicated to planning be made available to all departments and agencies involved, so that the scope of projects are clearly defined, roles of individuals are understood, and realistic deadlines are met.

4. Applying Technology to Improve Business Processes - Preparing for the Future

County Accounting Personnel System (CAPS)

The new version of CAPS, Advantage 3.0, will be a radical departure from the current implementation as we are learning first hand from our involvement in the Advantage 3.0 Fit Analysis project. It will be a fully configurable, web-based application. The new product demonstrates much promise in providing the County with the opportunity to improve business processes. Features such as a flexible chart of accounts, flexible budget structures, workflow and a powerful reporting and data mining tool will allow users to process transactions with ease while maintaining appropriate controls and to have reporting suited to their own specific needs.

The successful implementation of the upgrade to Advantage 3.0 will require commitments at many levels. These include:

- The User Community - Users of the system will need to have a significant role in the implementation of the product. After all, the system is meant to serve their business objectives. A commitment to provide for key user involvement in the upgrade project for an extended period of time will be essential to making the most of a significant investment.

- Managing Change - Primary benefits offered by the Advantage 3.0 products include significant increases in the overall efficiency of business processes, increased options for departments to define the type of information and level of detail they want to see, significantly increased accessibility to financial information, and enhanced system controls and security. However, to achieve these benefits, we must acquire buy-in from all levels of CAPS users to change the way we currently do business.

- Providing New Skill Sets and Implementing a System Configuration Application Support - The support mechanisms and processes provided by the County Data Center, such as technical

HCA Accounting-Revenue

support, network services, and operational support, will require re-engineering as new development tools, databases and hardware architectures are deployed. The integration of numerous products such as imaging and data mining will require a variety of skill sets ranging from network administrators to web developers to mainframe database administrators. What appears to be a single "system" to the end-user will actually be an integrated, multi-platform set

HCA Accounting-Environmental Health

of custom and off-the-shelf products. The challenge to the County will be to ensure that operational and support mechanisms work seamlessly, with the understanding that teamwork between various support groups is critical to the successful implementation of new technology. The Auditor-Controller looks forward to working with CEO's Information and Technology staff in establishing the appropriate support mechanisms for the next generation of software.

▪ Training - Resources will need to be committed to provide sufficient levels of training to users of varying degrees of skill and responsibility. The success of the current CAPS system has hinged on the training provided by support staff along with the staff from GCAP, Inc. who have developed training programs related to all functions of the CAPS application as well as for ERMI. GCAP will be an important resource in the future implementation of CAPS.

CAPS Administration

▪ Financial - The County has recognized the criticality of the CAPS systems by making the upgrade to Advantage 3.0 and beyond a strategic priority. An investment in the upgrade will not only ensure that the County stays current with the technology, but will, more importantly, open up opportunities to radically transform our way of doing business.

It is the objective of the ongoing CAPS fit analysis to develop an implementation strategy that addresses the above mentioned and any other resource requirements for CAPS and their associated costs. The support of the CAPS Steering Committee and the CEO will be vital to the success of one of the County's most critical projects.

Assessment Tax System (ATS)

The ATS team has taken the lead in converting the application database to DB2. The Assessor

Tax Unit

related tables and programs have been successfully converted as have Tax Collector (TC), Auditor-Controller (AC) and Clerk of the Board (COB) programs that access Assessor tables. The project is on schedule to complete conversion of AC, TC and COB tables and programs by June 2003.

Having been the first group in the County to implement a DB2 database in production, the ATS team has paved the way for others in working through significant configuration, setup, and performance issues. Converting the database to DB2 will not only save licensing and support costs, but it will allow for an easier migration to the next generation of the ATS application.

The next step will be to develop and implement a comprehensive strategy for development of the next

generation of ATS. Issues very similar to those being faced by the CAPS team will need to be addressed. It is the Department's goal to be as consistent with the CAPS technological strategy as possible with the understanding that both applications have differing needs in some instances and very different decision makers and users.

One key element to the ATS strategy will be funding for the project. The Department fully expects funding to be provided for the first year through the State grant program (AB589). However, given the current budget situation in Sacramento, the prospect for funding in subsequent years remains uncertain. It is therefore critical that funds that are provided be judiciously used and precedence be given to strategic priority technology projects.

Claims

5. Leveraging Existing Technology

The Auditor-Controller will continue to promote the use of ERMI as an extension of the CAPS system allowing users to have access to information in ways that are significantly more meaningful and useful. The data mining capabilities provide the added dimension of being able to convert any report into a data source from where information can be directly exported into other applications such as Microsoft Excel or Access. Training in this area will continue to be provided as needed.

Realizing that implementation of the CAPS upgrade will take a number of years, the Auditor-Controller will continue to foster an environment that encourages innovation in office automation through small, incremental changes to processes that lay the foundation for larger, more significant changes down the road. The Auditor-Controller plans a pilot workflow project to facilitate the matching and electronic processing of Accounts Payable documents. This is expected to lay the groundwork for a powerful workflow architecture to support electronic processing of numerous document types. It

HCA Accounting/Disbursements

will include electronic authorizations and audit trails to support processing of transactions and will allow users clear visibility of the status of actions initiated by them and items requiring their action.

Additional enhancements to the financial and property tax systems will include:

♦ Accounts Payable and trust fund payments via electronic funds transfer

♦ ATS enhancements and upgrades

♦ CAPS upgrades

6. 2% Assessment Appeals Case

Last year, an Orange County Court ruled that the County had assessed a taxpayer incorrectly for the amount of property taxes owed. Although the taxpayer was only awarded $100, the case potentially has significant implications to the County and the taxing authorities within the County, if expanded to all taxpayers in similar circumstances. The Board of Supervisors has elected not to appeal the case. As a result, if the Assessor elects to adjust the tax roll (as recommended by the Board) nearly $285 million will need to be refunded for taxes relating to assessment over the past four years. Tax rolls in future years will require an adjustment of nearly $147 million.

A decision concerning class action status has not been rendered. Although the exact number of affected properties is unknown, it would likely exceed 100,000. The Assessment Tax System (ATS) was not developed anticipating this scale of a tax roll correction and refund process. If class action status was granted, significant resources would be required to modify the system to enable this ad hoc process. System development costs and ancillary labor costs are estimated at approximately $500,000. It is also important to note that this new priority will halt the development effort of the new ATS system, because critical resources will need to be diverted. This unanticipated change in project direction would greatly impair the department's ability to administer property taxes for the County and will likely result in a significant increase (of an unknown amount) in ATS development costs.

> *CEO/Public Finance Accounting feels that ensuring controls are in place and followed is an important part of our ongoing responsibility. For example, they will continue to emphasize and ensure that the County's bond requirements are met and followed. In addition, all regular reconciliation of the CEO trust funds will continue and any incorrect or irregular items will be identified and corrected.*

7. Monitoring and Mitigating Risk

As County departments change and reengineer their business processes to increase efficiencies and implement new technologies, the Auditor-Controller is consistently working to control risk at the appropriate level. Over-control of risks can create needless redundancies that add no value to the mitigation process. Failure to modify checks and balances for new business processes can lead to new risks.

County departments are now struggling to reduce their budgets, and as a result they are continuing to implement efficiencies and streamline operations. Performing more work with fewer resources can sometimes lead to unanticipated risks, and the Auditor-Controller will be working to ensure that all risk control measures are comprehensively enforced, and that the gate-keeping functions of the office remain secure.

8. Ongoing Need for Training

Training will continue to be emphasized as sophisticated tools, such as data mining for retrieving information, become readily available to the end-user. This is consistent with the strategic view that the capability to manage and process information be pushed down to the user level. Funds needed for training staff on new technology enhancements and other job-related subjects have been included in the Department's Strategic Financial Plan.

> *HCA Accounting staff trained agency staff on proper cash handling procedures to strengthen internal*

9. Value of Workforce

The Auditor-Controller believes that staff is the most important resource the department has because its accomplishments are dependent upon them. This belief is embodied in the Auditor-

Controller's "Statement of Values," and is closely linked to both our Mission and Vision Statements. Staff are the common element in everything this Department does, from processing an accounting transaction to making a vendor payment to monitoring the County's multi-billion dollar budget. This is the case whether those tasks are done in an automated or manual manner.

The success of the Auditor-Controller Department accomplishing its mission is a key to the success of County government meeting its responsibilities to its citizens. Part of staff's responsibility is to service all County departments that provide public services. Because of this, the department has established programs to help ensure that staff have the necessary skills and motivation to carry out their responsibilities. The emphasis on training and staff recognition are evident throughout this business plan. Minimum standards have been established for training, and recognition programs were developed and implemented, and have been, in some form, adopted by the County. Also, the Department's annual employee recognition efforts culminate at the employee recognition luncheon where all staff's hard work during the year is acknowledged.

Disbursing

Regardless of the difficulties the County must overcome, the quality of staff is the constant among our resources and must be maintained. Staff will be required to accomplish the critical tasks and the growing workload without commensurate increases in numbers. Key concepts that the County must embrace to meet its challenges are training, recognition, communication, and empowerment of staff.

10. Succession Planning

The Auditor-Controller Department, like other County departments, anticipates the loss of significant knowledge and expertise in the near future through possible retirements of key staff. In early 2002, two accounting managers retired taking approximately 55 years of knowledge with them. In addition, the Chief Deputy Auditor-Controller retired after more than 30 years of service. Such losses of leadership, knowledge and experience will continue, and presents a significant challenge to the Department. Almost 26% of the Department's employees will reach age 57 and be retirement eligible during the next five years. This includes 22 managers and 16 supervisors. While these circumstances may represent opportunities for new ideas and future leaders to step forward, they also present a dilemma on how to manage turnover in key positions, especially in light of the turnover the Department is experiencing as supervisors and managers are recruited by other departments. In order to deal with this challenge, the Department will emphasize programs to develop the leadership skills of its staff to meet future requirements for succession to leadership positions.

C. Resources

The Auditor-Controller Department is organized into three major divisions: (1) Central Operations, (2) Agency Accounting, and (3) Information Technology. A smaller unit that comes under the executive management umbrella is called CAPS Administration. Also, departmental administration, including purchasing, human resources, budget and

H&CD Accounting

other support services, reports directly to the Chief Assistant Auditor-Controller. With a net County cost of $8 million and $18 million of cost apply and revenue from services provided mostly to other

departments/agencies, the Auditor-Controller is dependent on the General Fund for much of its funding. Current budget issues confronting the County present additional challenges to Department resources and potential associated risk. If resources require reduction beyond "Step 1" rebalancing already taken, processes and tasks will be reviewed and prioritized. This will allow a risk assessment to be made and notice of that risk be given to appropriate individuals. The Organization Chart in Appendix A provides additional information on the structure of the Department.

1. **Funding**

The centralized accounting services provided by the Central Operations Division are financed by general-purpose revenues of the General Fund, with the exception of Collections/Accounts Receivable, which is cost-applied to client departments. The outstationed accounting teams in the Agency Accounting Division are funded entirely by the host departments/agencies (CSA, HCA, HCD, IWMD, JWA, PDSD, PFRD, CEO/Public Finance, and SSA) that have outside revenue sources. The Information Technology Division functions are funded with general-purpose revenues of the General Fund.


IWMD Accounting

2. **Resource Needs**

In order to meet the increasing workload demands identified in the "Challenges" section and to maintain a high level of services to its clients, the department has identified specific resources issues, which are discussed below:

♦ Information Technology Division. Within the Systems Division, prioritization of projects will continue to be a significant issue as the staff attempts to meet competing demands of providing ongoing support to our clients, leveraging the capabilities of existing tools such as ERMI, VTI and Advantage Desktop, and preparing for the upgrade of the CAPS financial and HR/Payroll software. In order to provide the appropriate resources for the CAPS upgrade fit analysis the Auditor-Controller has re-allocated one position from its Administration/Staff Support Division to Information Technology. In addition, a limited-term position has been approved to provide support in this area.

The HR/Payroll support function will continue to see increasing demand for changes within tight deadlines in order to fulfill mandated changes.

♦ CAPS. Additional limited-term Information Technology resources will also be required to implement the new web-based version of CAPS over the next several years. The costs associated with all of these new positions have been included in the Department's Strategic Financial Plan. In addition, end-user staff will be required to commit resources to be part of the project team for implementation of the new version of CAPS. Limited-term staffing will be required to backfill these positions. The scheduling and sizing of these resources will vary, based on the timing of the CAPS upgrade project. It is anticipated that the bulk of these resources will be required during FY 2003-04.

♦ Human Resources. The Department must have adequate human resources support to keep pace with its growth in complexity. Currently, its human

Administration
Human Resources
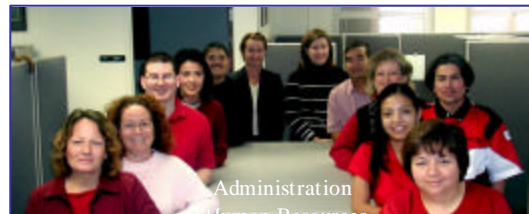
resources staff consists of a Human Resources Manager who oversees the Administration function, a Human Resources Analyst and an Office Specialist whose time is split between human resources and administrative services functions. In order to free up the manager's and analyst's time to oversee existing programs and address new ones, the Auditor-Controller has tried in past years to add a dedicated recruitment position to handle and coordinate the many tasks associated with recruiting. These tasks include selecting and evaluating the highly qualified and specialized staff that the department requires to meet the service needs of its clients. The need for this position has been confirmed by the workload of an individual assigned to these tasks on a temporary basis. Based on the state of the budget at this time, the Department will continue to meet its need for a dedicated recruitment position by utilizing vacant positions within the Department.

D. *Strategies to Accomplish Goals:*

Strategic priorities and outcome indicators for each of the Department's goals have been established for 2003. Although there are numerous strategic priorities, it is important to note that the Department's resources will be expended on two of them: the successful daily operations of the County's central accounting systems under Goal #1 (36%), and the provision of ongoing accounting services to host County departments/agencies under Goal #2 (64%).

Revenue and Budget

Checkwriting

SSA Accounting -
District Accounting CRO

HCA Accounting-Public Health Billing

18

SSA Accounting-Payroll

Goal #1 is to manage the increasing financial risk faced by the County by enforcing our system of accounting controls. Strategies to accomplish this goal include:

♦   Continuing to meet successfully the daily operations of the County's central accounting systems.

♦   Staying current with all critical recurring accounting operations.

♦   Assessing the risk and the adequacy of controls of the County's major transaction processing systems maintained by the Auditor-Controller.

♦   Meeting audit and oversight requirements of the Comprehensive Annual Financial Report, the Treasury Oversight Committee, the Audit Oversight Committee, the Public Finance Advisory Committee, and others.

♦   Maintaining a leadership role on the County's financial management team for issues relating to financial oversight activities.

♦   Providing fraud prevention and detection training to county financial managers.

__The Outcome Indicator__ for this goal is to receive an unqualified opinion on compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each major Federal program administered by the County.

Performance Measure	FY 01-02 Results	FY 02-03 Plan	FY 02-03 Actual or Anticipated Results	FY 03-04 Plan	How are we doing?
What: Measures compliance with requirements in administering Federal and State programs. Why: Provides assurance to Federal and State agencies that there are no material weaknesses in controls affecting compliance.	The County expects to receive unqualified opinions in all areas covered by the Single Audit Reports in FY 01-02. The County administered over $572 million in Federal dollars during FY 01-02, which funded approximately 114 Federal programs.	Continue to monitor and review controls on Federal grant programs to insure receipt of unqualified opinions for the Single Audit reports for FY 02-03.	The department fully expects to receive unqualified opinions in all areas in FY 02-03.	The department fully expects to receive unqualified opinions in all areas in FY 03-04, and to continue to meet the requirements of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133.	The County has received unqualified opinions in all areas covered by the Single Audit Reports for the past several years, with no material weaknesses in controls.

Goal #2 is to anticipate and satisfy our stakeholders and clients' needs for financial services and information. Strategies to meet this goal consist of:

♦ Providing ongoing accounting services to host departments/agencies.

♦ Assessing customer satisfaction.

♦ Supporting special projects requested by clients.

♦ Preparing fiscal analyses of County ballot initiatives as requested by the Board of Supervisors.

♦ Increasing the use of web-based information*.*

The Outcome Indicators for this goal are:

A. To receive a rating of at least 95% in overall satisfaction in the department's biennial Countywide client surveys of the department's central and outstationed accounting sections.

Outcome Indicator	FY 01-02 Results	FY 02-03 Plan	FY 02-03 Actual or Anticipated Results	FY 03-04 Plan	How are we doing?
What: Measures client satisfaction with services of the central A-C Department, and with the outstationed department/agency accounting sections of the department. Why: To meet and exceed expectations of County clients.	The department exceeded its rating goal in the survey of its outstationed accounting sections, sent to County departments and agencies, in 2002. 96.59% of these clients were "Very Satisfied" to "Satisfied" with the department's services.	We plan to continue conducting our biennial surveys, alternating between central and outstationed accounting sections, and meet or exceed the rating goal.	We plan to meet or exceed the rating goal.	We plan to continue conducting our biennial surveys, alternating between central and outstationed accounting sections, and meet or exceed the rating goal.	The department received high satisfaction ratings each survey year and continues to improve as well.

B. To receive a rating of at least 90% in overall satisfaction in the department's annual survey of County vendors.

Outcome Indicator	FY 01-02 Results	FY 02-03 Plan	FY 02-03 Actual or Anticipated Results	FY 03-04 Plan	How are we doing?
<u>What:</u> Measures vendors' satisfaction with services provided. <u>Why:</u> To meet and exceed the expectations of County vendors.	The department received a rating of 93% in overall satisfaction in its survey of vendors conducted in 2002.	The department fully expects to meet or exceed the rating goal in its vendor survey in FY 02-03.	The department fully expects to meet or exceed the rating goal in its vendor survey in FY 02-03.	The department will conduct this survey again in FY 03-04 and fully expects to achieve its rating goal.	Overall satisfaction increased from 85% in the 2001 survey.

C. To issue County employee biweekly paychecks on time for all 26 pay periods.

Outcome Indicator	FY 01-02 Results	FY 02-03 Plan	FY 02-03 Actual or Anticipated Results	FY 03-04 Plan	How are we doing?
<u>What:</u> Measures ability to meet biweekly County payroll deadlines. <u>Why:</u> To ensure the delivery of County services by County employees, and to maintain the financial well-being of the employees themselves.	The biweekly payroll deadline was met for all pay periods in FY 01-02.	The department expects to successfully complete all payroll cycles and meet all payroll deadlines for the year.	The department fully expects to continue to meet all biweekly payroll deadlines in FY 02-03.	The department also expects to meet this goal through FY 03-04.	Despite the many complex terms and conditions required by various MOUs for the County's 17,000 employees, the computation and issuance of the $35 million biweekly County payroll has never been missed, and County employees are paid on time.

Goal #3 is to increase Countywide organizational effectiveness by making the appropriate investments in our staff and technology.   Strategies to meet this goal include:

♦ Continuing to stay current with American Management Systems (AMS) financial and human resources software product releases.

♦ Evaluating new financial system modules such as fixed assets, retro-pay and 3-way match, and implementing if appropriate for the County.

♦ Increasing the usefulness and effectiveness of ATS by providing property tax data via the web and deploying ERMI for ATS reports.

♦ Working with the Assessor and Treasurer-Tax Collector to modify the ATS system to provide information and implement changes related to the 2% Assessed Value Case.

♦ Maximizing the usability of existing accounting systems by expanding the use of existing assets such as ERMI, the Data Warehouse, functional user groups, VTI and workflow.

♦ Encouraging decentralized, secure, web-based transaction processing as a means to increase productivity and reduce processing time.

♦ Enhancing work area efficiency and effectiveness.

♦ Improving staff well being through employee training, recognition and other programs.

♦ Continuing to fulfill the requirements of the Countywide performance incentive plans.

♦ Developing leadership skills of staff to meet future requirements for succession to leadership positions.

♦ Developing a relevant and appropriate outcome measure of a transaction count per full-time equivalent position to evaluate organizational effectiveness within the department.

*The Outcome Indicators for this goal are as follows:*

A. To reduce payroll processing labor hours by 25%.

Outcome Indicator	FY 01-02 Results	FY 02-03 Plan	FY 02-03 Actual or Anticipated Results	FY 03-04 Plan	How are we doing?
What: Measures labor hours saved resulting from automation. Why: Manual payroll processing is labor intensive, time consuming and prone to errors. Payroll adjustments resulting from errors are even more costly.	Added two additional agencies.	Continue rollout of VTI at agencies (HCD, HCA). Implement VTI 4.0. Development baseline measures.	Anticipate implementation of VTI 4.0 and development of baseline measure for outcome indicator.	Continue with rollout of VTI. Also, report on outcome measures.	13 of 35 agencies are now on VTI.

Please see Key Outcome Indicators #4 and #5 on pages 6 and 7 for additional measures related to this goal.

IV.   APPENDICES

A. <u>ORGANIZATION CHART</u>

FY 2002/03 Organization Chart
Revised as of November 5, 2002
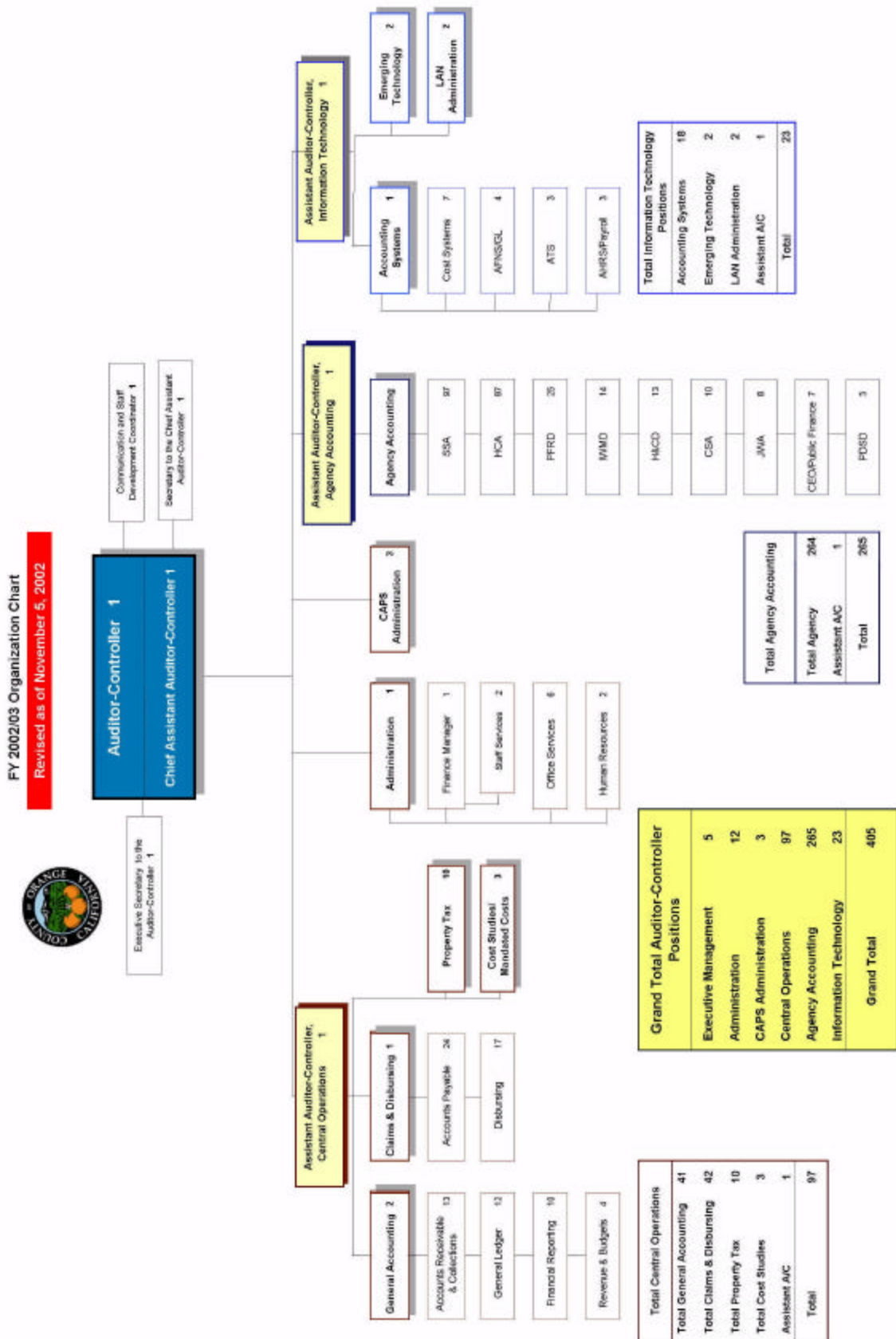
B. <u>MANAGEMENT TEAM</u>

David Sundstrom, Auditor-Controller, is the elected County official responsible for establishing accounting policies for the County and providing unbiased and accurate financial information to the department's many clients.

John Nakane, Chief Assistant Auditor-Controller**,** assists the Auditor-Controller in establishing accounting policies for the County and is responsible for planning, administering and directing the accounting work performed by the Auditor-Controller Department.

Jim McConnell, Assistant Auditor-Controller, Central Operations**,** plans, organizes and directs the general accounting, financial reporting, budget, cost accounting, tax accounting, special accounting, accounts payable disbursements and payroll functions of the Auditor-Controller Department, as well as the cost studies and mandated audits function.

Mahesh Patel, Assistant Auditor-Controller, Information Technology**,** plans, organizes and directs the Auditor-Controller Information Technology Division in support of the Countywide financial and payroll systems, ERMI, and departmental desktops, servers, and networks.

Shaun Skelly, Assistant Auditor-Controller Agency Accounting**,** plans, organizes and supervises the Auditor-Controller Department's outstationed department/agency accounting operations.

C. <u>LABOR MANAGEMENT COMMITTEE</u>

The Labor Management Committee (LMC), composed of members from the Auditor-Controller and Internal Audit Departments, was formed to encourage a cooperative, collaborative partnership approach to addressing and resolving workplace issues. This forum provides an opportunity for labor and management representatives to promote and maintain harmonious labor/management relations. This committee meets regularly to discuss and achieve mutually acceptable solutions to workplace issues, and to address other matters of concern affecting staff in the departments.

The Auditor-Controller members of the LMC are as follows:

- ❖ Lillian Andre, Accounting Specialist, SSA Accounting

- ❖ Terri Bruner, Manager, Administration and Human Resources

- ❖ Bill Castro, Manager, SSA Accounting

- ❖ Larry Edwards, Senior Accounting Assistant, Claims/Accounts Payable-Non P.O.

- ❖ Mark Finley, Sr. Accountant II, CEO/Public Finance Accounting

- ❖ Kirby Martineau, Systems Programmer Analyst II, Information Technology

- ❖ Claire Moynihan, Manager, Financial Reporting and Mandated Costs

D. <u>BUSINESS PLAN TEAM</u>

David E. Sundstrom, Auditor-Controller

John Nakane, Chief Assistant Auditor-Controller

Jim McConnell, Assistant Auditor-Controller, Central Operations

Mahesh Patel, Assistant Auditor-Controller, Information Technology

Shaun Skelly, Assistant Auditor-Controller, Agency Accounting

Terri Bruner, Manager, Administration & Human Resources

Suzanne Luster, Manager, Finance and Staff Services

Cecilia Novella, Communications/Staff Development Coordinator

E. ACCOMPLISHMENTS

The Auditor-Controller Department's success in meeting the goals set forth in its 2002 Business Plan is outlined below.

Legend:
- ✓ Objective met.
- ❑ Objective pending.

Goal #1:   To manage financial risk faced by the County.

❖ **Successful daily operation of the County's central accounting systems.**

- ✓ Increased transaction volume while remaining stable in our staffing levels.

- ✓ Implemented system changes required to support preparation of GASB 34 CAFR for FY 2001-02.

- ✓ Completed the County's CAFR and component unit financial statements by scheduled deadlines with unqualified audit opinions for all statements.

- ✓ Received the GFOA *Certificate of Achievement for Excellence in Financial Reporting* for the CAFR.

- ✓ Met daily, biweekly, monthly or other deadlines for basic services such as payroll, property tax distributions, vendor payments, revenue collection and reporting, appropriation/budget control, reports to the Board, and submission of State and Federal reports.

Payroll

- ✓ Met predetermined time frames for closing the County's books after year-end.

- ✓ Updated additional 14% of Accounting Procedures in County Accounting Manual and posted them to the County's Intranet site. Reformatted all 37 existing Accounting Procedures into a "user friendly" Table of Contents sorted by logical subject matter.

❖ **Provide post bankruptcy-related services.**

- ✓ Completed available cash distribution.

- ✓ Paid Option "B" pool participants.

- ✓ Maintained and updated "Available Cash" model.

❖ **Work with the Internal Audit Department to determine responsibility for ensuring completion of certain audits needed to satisfy Auditor-Controller audit mandates and Internal Audit's risk assessment results.**

- ✓ Determined that all Auditor-Controller mandates were met.

❖ **Perform initial control risk assessments (CRA).**

✓ Performed a risk assessment of the fixed assets/controlled equipment process in central Auditor-Controller Department, and implemented recommendations to strengthen controls.

❖ **Enhance work area efficiency and effectiveness.**

✓ Completed Phase I remodel of the central offices.

❑ Phase II is in the planning stages.

❖ **Improve staff well being.**

✓ Continued publication of quarterly newsletter to increase communication throughout the office.

✓ Continued development of employee recognition program that allows managers, supervisors and employees to acknowledge outstanding achievement.

✓ Provided additional employee training and staff development opportunities.

✓ Implemented significant MOU changes.

✓ Reclassified several positions to address changes in job duties.

✓ Developing comprehensive listing of skills, knowledge, and abilities of Office Services positions in the department.

Contract Claims

❖ **Improve the decentralized human resources, purchasing, and budget functions.**

✓ Increased efforts to recruit, train, and retain qualified staff at all levels.

✓ Increased recruiting efforts on campuses, including classroom visits by executive management.

Goal #2: **To anticipate and satisfy our stakeholders and clients' needs for financial services and information.**

❖ **Provide ongoing accounting services to selected departments/agencies.**

✓ Accounted for the lease revenues and expenditures associated with the Dana Point operating agreements.

✓ Completed site visits with department heads of host departments/agencies to assess satisfaction in meeting their accounting needs.

✓ Received feedback that the department is meeting the accounting needs of host departments/agencies as they were requested and agreed to, including claiming, payroll, reconciliations, cash monitoring, etc.

✓ Developed agreements with client departments/agencies to identify accounting activities and responsibilities, which are being reviewed.

✓ Continued to work with CEO/Purchasing and County departments to resolve problems related to the purchasing card program, and interpreted and provided advice on policies and

procedures for this program. Kept statistics and analyzed impact of purchasing cards on usage of petty cash.

❖ **Assess customer satisfaction.**

- ✓ Completed biennial client survey of services performed by the outstationed Auditor-Controller accounting teams.
- ✓ Completed annual client satisfaction surveys of vendors, and received high satisfaction ratings.
- ✓ Continued to implement appropriate changes requested as a result of our client surveys.

❖ **Take a leadership role on the County's financial management team for issues relating to financial oversight activities.**

- ✓ Prepared four General Fund Available Financing Reports as requested by the CEO.
- ✓ Provided General Fund level revenue data to the CEO and Chapman University consultants for use in the Strategic Financial Plan.
- ✓ Supplied debt service and bond-related information to CEO/Strategic & Intergovernmental Affairs.
- ✓ Participated on the Strategic Financial Planning Committee.

❖ **Continued to implement Countywide performance incentive plans.**

- ✓ Continued to train staff on the County's Performance Incentive Plan.
- ✓ Continued to meet Performance Action Plan, PIP goal-setting, Progress Review, Final Evaluation and other appropriate review dates for employees.
- ✓ Continued to fulfill requirements of the County's Management Performance Plan, meeting goal-setting, evaluation and other required dates for all managers.

CSA Accounting

❖ **Encourage decentralized transaction processing as a means to increase efficiency by moving the controlling process to where the authorization is exercised.**

- ✓ Decentralized return mail and reissuance processing of Family Support checks to Child Support Services Department. Decentralized welfare check handling to SSA with the implementation of laser check printing.
- ✓ Developing plans to test and monitor decentralized payments.

SSA Accounting -Distribution
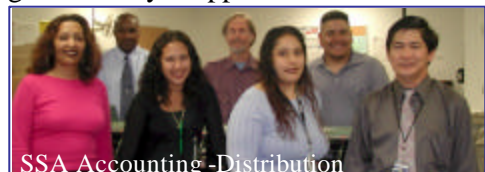
❖ **Support special projects.**

- ✓ Completed the pro-forma GASB 34 statements.
- ✓ Supported special projects such as implementation of new payment voucher interfaces from Registration and Elections Department and Superior Court to the AC Central Accounting System (CAPS).
- ❑ Work with CEO to enhance a tracking and reporting process to comply with the Employment Development Department requirements.

✓ Converted from a "reverse positive pay" to a "positive pay" policy in order to increase efficiency.

❑ Working with HCA to implement Envision software, which will dramatically improve the invoicing process.

❑ Working with SSA to implement Electronic Benefit Transfer to process welfare cash payments and food stamp program benefits.

❑ Assisted in the development and implementation of a new PFRD Transportation Fleet Management System.

❑ Establishing requirements for accounting module for PDSD's new automated planning and permitting system.

❑ Assisting in the development of a CAPS disaster recovery plan.

Goal #3: To increase organizational effectiveness while controlling administrative costs.

❖ **Stay current with AMS Financial and Human Resources Software Product Releases.**

✓ Increased accountability and access through ERMI and the website.

✓ Implemented the latest subreleases of AMS Financial and HR software product.

❑ Working with AMS in conducting a "Fit Analysis" to determine scope of effort required to implement the next major upgrade of CAPS to the AMS ADVANTAGE 3.0 products.

❑ Eliminating CAP system custom modifications and processes as opportunities arise, in order to make future upgrades easier.

❖ **Implement new Financial System modules.**

❑ Implementing MIS system for HCA Behavioral Health.

❑ Feasibility analysis for Fixed Asset Subsystem deferred until FY 2002-03.

❖ **Increase the usefulness and effectiveness of ATS.**

✓ Improved property tax information posted on Department's web site by adding ERAF Contributions by Taxing Agency.

☐ Commenced conversion of ATS database to DB2.

❖ **Maximize usability of existing accounting systems for Auditor-Controller and other County users.**

✓ Implemented seamless integration of disparate systems such as CAPS, CUBS, and PFRD Transportation Billing by providing a single portal for Electronic Reports Management & Imaging (ERMI). Additionally, provided financial document processing for PV's, JV's, and A-C/Collections using scanners and optical disk libraries (jukeboxes). Facilitated:

Claims~P.O.

29

connectivity for 35 County Agencies on the ATM; user training for over 400 countywide users; and communication using a chat-room/bulletin board.

❑ Continuing to work jointly with GCAP Business Services to identify Desktop (GUI) business functions and workflows, and to roll out GUI to additional financial and payroll system users.

❑ Continuing to develop tasks on establishing formal channels of communication with CAPS user groups, in concert with refinement of the CAPS Strategic Plan.

❑ Continuing to develop appropriate survey instruments to measure progress in meeting financial system users' needs, in concert with refinement of the CAPS Strategic Plan.

❑ In conjunction with CEO, continued implementation of the "CAPS University" with training and supporting documentation for all areas of the CAPS Systems.

❑ Working with Data Center to develop a standard secure File Transfer Process (FTP) with special districts and other non-County organizations.

✓ Implemented all required changes to the CAPS Systems mandated by County, State, and Federal entities. Examples include:

- Implemented all negotiated MOU changes to the Payroll System including new Retirement plans for Deputy Sheriffs (3% @ 50) and Probation Officers (General to Safety).

- Implemented new Child Support Services "ARS" System Interfaces with CAPS Systems.

- Revised Federal and State annual wage reporting.

- Established new Wells Fargo bank account number and implemented Controlled Disbursements process.

- Implemented Annual Leave Program for additional bargaining units.

SSA Accounting-Claims

❖ **Increase use of web-based information.**

✓ Continued to promote and support County-wide implementation of VTI.

❑ Testing of next version of VTI software underway. Will provide significant enhancements for Probation staff and payroll clerks countywide.

✓ Further Countywide rollout of the virtual timesheet interface.

❖ **Support special technology projects.**

✓ Expanding the concept of document imaging throughout the department.

✓ Implemented laser printing of Payroll, Accounts Payable and Trust checks.

HCA Accounting-Medi-Cal Team

❖ **Review Systems function to leverage financial information resources.**

❑ Assessing resource needs to implement new financial system modules while providing ongoing support for daily operations.

F. CLIENT SURVEY RESULTS

The following summarizes the results of the Countywide Client Survey and Vendor Survey conducted earlier this year:

Biennial Agency Accounting Survey

In 2002, as part of its ongoing efforts to better meet the needs of its clients, the Auditor-Controller Department conducted a client satisfaction survey of County departments and agencies the Auditor-Controller Department supports through accounting services provided by outstationed accounting teams. A similar survey was conducted in 2000.

Respondents selected one of four levels of satisfaction, which included **"Very Satisfied," "Satisfied," "Somewhat Dissatisfied,"** and "**Very Dissatisfied,**" and to provide comments if desired. The accompanying charts summarize the results of the survey for each department supported.

Overall, the results indicate that **96.59%** of department and agency clients were satisfied or very satisfied with the department's outstationed accounting services. This is an improvement from 93.25% in the 2000 survey.

Agency Accounting Survey
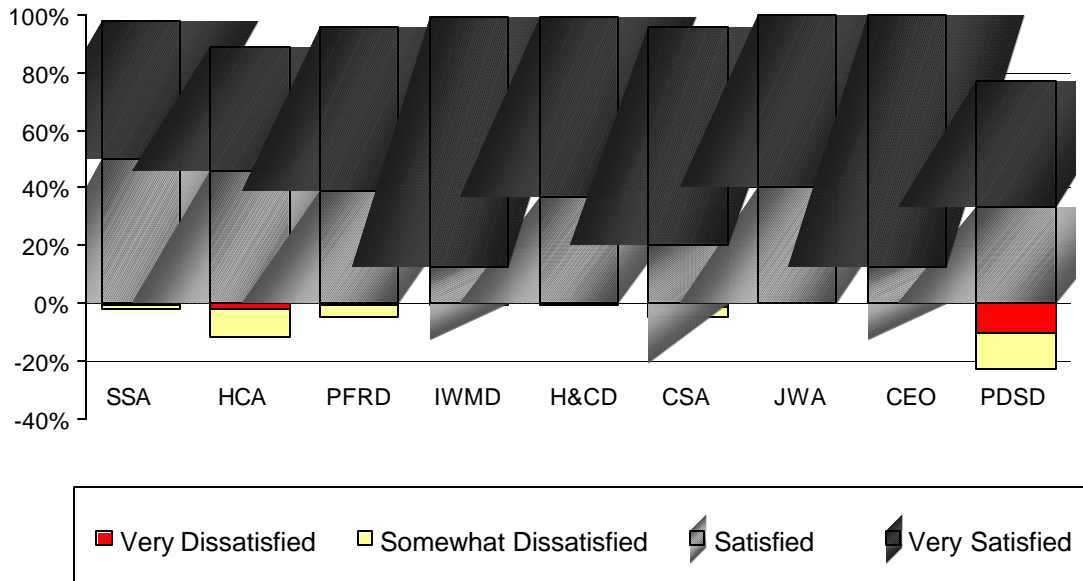
Vendor Survey

The vendor survey of the claims processing function resulted in an overall rating of 93% of vendors being **"Satisfied"** to **"Very Satisfied"** with the County's payment processing services. Once again, the area with the highest rating was **"Courtesy**' **(96%)**, which increased from 91%. **"Responsiveness" (94%)** increased from 86%. Although **"Timeliness"** was again the lowest rated service factor, it improved from an 80% to an 83% favorable rating.
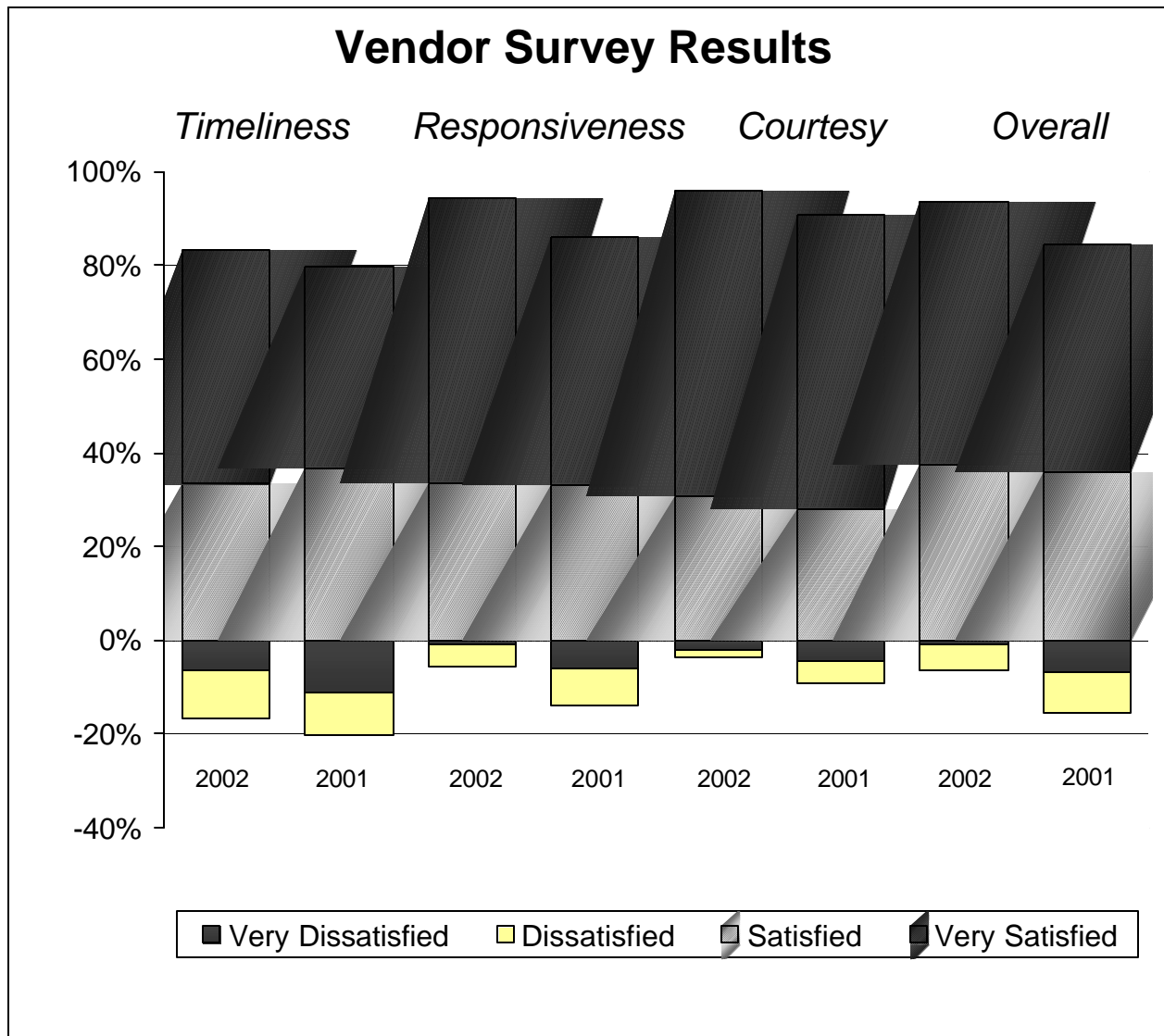
Cities, Schools and Special Districts

The biannual survey of cities, school districts and special districts regarding services such as tax apportionments and property tax revenue estimates provided by the Property Tax Unit resulted in a significant increase in satisfaction ratings. 70% of respondents were "very satisfied" compared to 48.4% in 2000. Overall, satisfaction increased from 90.6% in 2000 to **100%** either **"Very Satisfied"** or **"Satisfied"**.

Cities, Schools and Special District
Survey Results

Satisfied
30%

Very
Satisfied
70%
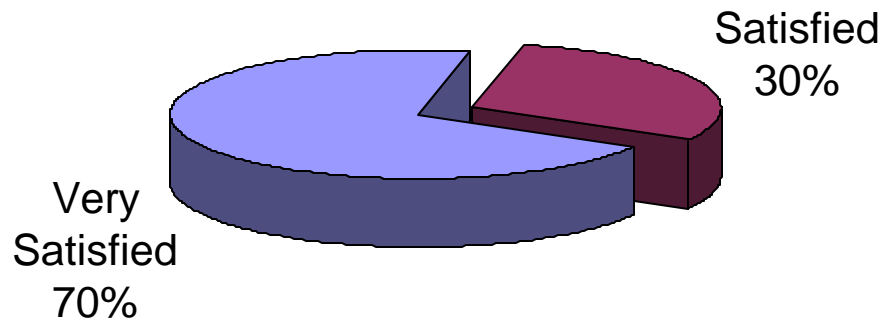
G. **THREE-YEAR WORKLOAD MEASURES**

As discussed in the Operational Plan, the Auditor-Controller provides a wide variety of services to its many clients. Selected samples of the department's workload over the past three fiscal years are presented below.

	1999-00	2000-01	2001-02
Mandated Cost Claims Filed	39	39	48
Journal Vouchers Processed	15,776	16,375	18,517
Deposit Orders Processed	22,729	24,500	23,552
Countywide Employee Payroll Count (includes Superior Court and independent Special Districts using County Payroll System)	18,850	19,695	20,291
Employees in Host Dept/Agencies for which Payroll is processed by Auditor-Controller Staff (HCA, H&CD, IWMD, JWA, SSA)	6,634	7,098	7,402
Mileage Claims Processed by Auditor-Controller Staff for Host Dept/Agency Employees (CSA, HCA, H&CD, IWMD, JWA, SSA)	20,048	20,511	27,367
Statements of Aid Processed (SSA)	4,296	3,993	2,476
Accounting Policies Revised/Issued	10	11	5
Reconciliations Performed	14,285	14,575	17,554
Scanned Document Pages (New measure 2001-02)	N/A	N/A	723,329

Vendor/Contract Payments Processed:
    Central Claims and Accounts Payable Units
    Decentralized Contract Payments
        Total Vendor/Contract Payments
	81,938
	1,815
	83,753
		77,820
		7,347
		85,167
			73,529
			12,663
			86,192

Invoices and Billings	307,783	292,096	316,024
Property Tax Bills Prepared	1,062,199	1,071,459	1,015,881
Property Tax Refunds and Corrections	68,510	58,739	71,898
Reports Issued and Consolidated Claims Processed	3,265	3,318	3,375
Number of Checks Issued (Claims, Child Support, Welfare, H&CD)	997,528	1,067,218	1,044,556
Collection Actions Initiated (Collections, SSA)	88,050	72,093	71,732